

State of California Action Plan for Disaster Recovery Action Plan Amendment No. 1

California Department of Housing and Community Development

**Draft for Public Comment
Public Comment Period March 30 – April 30, 2020**

**Submitted to the U.S. Department of Housing and Urban Development (HUD)
to fulfill requirements related to Community Development Block Grant Disaster
Recovery (CDBG-DR) Funds in Response to
2017 Disasters (FEMA DR-4344 and DR-4353).**



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I. Background and Summary of Changes

On August 14, 2018, the United States Department of Housing and Urban Development (HUD) allocated \$124 million in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds to the State of California to support California's unmet recovery needs, related to the Federal Emergency Management Agency (FEMA) Major Disaster Declarations DR-4344 in October 2017 and DR-4353 in December 2017.

On January 27, 2020, HUD allocated an additional \$38 million of CDBG-DR funding to the State to address California's unmet infrastructure recovery needs, related to the aforementioned FEMA Major Disaster Declarations: DR-4344 in October 2017 and DR-4353 in December 2017.

The California Department of Housing and Community Development (HCD) is managing the associated CDBG-DR grant from HUD and implementing the goals and objectives of the State's initial, HUD-approved Action Plan. Through this Unmet Needs Action Plan Amendment, Number 1 (APA 1), HCD incorporates the \$38 million supplemental allocation into the Action Plan to address unmet infrastructure recovery needs.

APA 1 is a substantial amendment since it proposes creating a new program, removing a program from the initial, HUD-approved Action Plan, and updating existing programs. These changes are in excess of the \$3 million threshold for substantial amendments, articulated in the initial Action Plan, and required by HUD in the January 27, 2020, Federal Register Notice (FRN).

APA 1 is due to HUD on May 3, 2020 and will be available for public comment for 30 days, prior to submission to HUD.

A summary of the changes the State of California proposes to make in APA 1 to address California's ongoing, unmet recovery needs, follows below:

1. New Infrastructure Program (add)

HCD proposes creating a new infrastructure program dedicated to help address the ongoing unmet infrastructure needs of local communities. This program provides funding for FEMA Public Assistance Match projects, FEMA Hazard Mitigation Grant Program (HMGP) Match projects, and stand-alone projects identified by local communities impacted by DR-4344 and DR-4353.

2. FEMA Public Assistance Match Program (remove)

The FEMA Public Assistance (PA Match) program, as originally articulated in the initial Action Plan as a stand-alone program, will be discontinued and PA Match activities, including specific projects identified, to-date, by potential subrecipient local jurisdictions through a notice of interest process, will be served through the new infrastructure program, proposed herein.

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Public Law 115-123 required the State of California to prioritize housing recovery, so HCD proposes adding the \$3.5 million originally associated with the PA Match program to the multifamily housing program (MHP) to serve additional unmet need for multifamily rental housing.

3. Multifamily Housing Program

The Unmet Needs Action Plan identified over \$1.7 billion in unmet housing needs. The Action Plan allocated \$66,787,648 to the Multifamily Housing Program to further assist low- and moderate- income renters, impacted by the DR-4344 and DR-4353 disasters, and address ongoing unmet recovery needs. HCD proposes moving funding from the initial FEMA PA Match program (\$3,531,803) to expand assistance to help address the unmet recovery needs of low- and moderate- income renter households in the impacted areas. This move increases the total amount for the Multifamily Housing Program to \$70,319,602.

II. Unmet Recovery Needs

Per the January 27, 2020, Federal Register Notice, APA 1 provides an update to the infrastructure unmet recovery needs analysis. Updated unmet infrastructure needs data provide HCD with a snapshot of the current needs for impacted jurisdictions to inform program design. The original unmet needs analysis was completed in the fall of 2018. At that time, eligible projects for FEMA PA and HMGP were being identified and project worksheets were still being refined. Since HUD approved the initial Action Plan, FEMA has updated the project list and local governments have identified additional infrastructure needs beyond FEMA PA and HMGP, including those CDBG-DR eligible infrastructure projects which were not eligible for FEMA funding. As of March 15, 2020, local jurisdictions identified an additional \$52.5 million in unmet infrastructure needs in the areas of water and sewer, road repair, and public facilities, including parks that were not captured in the FEMA PA or HMGP data collected for the initial needs assessment or by current FEMA PA or HMGP data.

Figure 1: Summary of Changes - Unmet Needs

Category	Data Source	Action Plan Unmet Need	Action Plan Percent of Total	APA 1 Unmet Need	APA 1 Percent of Total	Change In Unmet Need
Housing	Action Plan Methodology	\$1,701,009,809	67%	\$1,701,009,809	77%	\$0
Infrastructure	FEMA PA	\$34,673,327	1%	\$40,354,540	2%	\$5,681,213
Infrastructure	FEMA HMGP	\$470,175,423	18%	\$53,236,763	2%	(\$416,938,660)
Infrastructure	Local Jurisdiction Data	N/A	N/A	\$52,479,850	2%	\$52,479,850
Economic	SBA – Commercial Loss	\$90,535,222	4%	\$90,535,222	4%	\$0
Agriculture	Local	\$259,438,082	10%	\$259,438,082	12%	\$0
Total		\$2,555,831,863		\$2,197,054,266		(\$358,777,597)

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Notwithstanding the additional infrastructure needs that local jurisdictions have identified the total unmet infrastructure needs have decreased since the publication of the original Action Plan. As of March 15, 2019, the total infrastructure unmet needs were \$504,848,750, which was determined by a combination of relevant FEMA PA and HMGP data. Accounting for updated data collected from state and local partners as of March 15, 2020, the new total infrastructure needs are \$146,071,153 which represents a decrease of \$358,777,597. The net decrease in total unmet infrastructure needs is due primarily to a decrease in the FEMA HMGP unmet needs category.

Figure 2: Summary of Changes - Infrastructure Unmet Needs

Category	Data Source	Action Plan Unmet Need	APA 1 Unmet Need	Change In Unmet Need
Infrastructure	FEMA PA	\$34,673,327	\$40,354,540*	\$5,681,213
Infrastructure	FEMA HMGP	\$470,175,423	\$53,236,763**	(\$416,938,660)
Infrastructure	Local Jurisdiction Data	N/A	\$52,479,850***	\$52,479,850
Total		\$504,848,750	\$146,071,153	(\$358,777,597)

Source: FEMA 2018, Cal OES 2020, Local Jurisdictions 2020

- i. FEMA PA figures represent data provided for the 4th quarter of 2019 by Cal OES and include projects in Category C-G that are obligated, in review, and ineligible.
- ii. FEMA HMGP figures represent data provided in February 2020 by Cal OES and include projects that are approved, under FEMA review, on the waiting list, not submitted, withdrawn, and denied.
- iii. Local Jurisdiction data was gathered in March 2020 and represents needs not captured in the FEMA PA or FEMA HMGP data.

Accounting for the changes outlined above, which are based on best available data from state and local partners, the total unmet infrastructure need still far exceeds the resources available to address the need (including CDBG-DR and other funding sources). In accordance with the January 27, 2020 Federal Register Notice, the funds allocated through this amendment will address infrastructure unmet recovery needs unrelated to housing resulting from FEMA Major Disaster Declarations DR-4344 in October 2017 and DR-4353 in December 2017.

1. FEMA Public Assistance

FEMA PA data provide the basis for the unmet needs calculation in APA 1, which aligns with HUD's methodology to establish the allocations. Per the August 14, 2018, Federal Register Notice and the January 27, 2020, FRN, HUD based the allocation of CDBG-DR funds on the local match cost of FEMA Categories C to G from August 2019.¹ FEMA PA data from the California Governor's Office of Emergency Services (Cal OES) released in the fourth quarter of 2019 reflect state and local share unmet infrastructure needs of \$40.4 million, as detailed in tables 1-3 below.

¹ Federal Register Notice 83 FR 40322, Department of Housing and Urban Development, August 2018 <https://www.gpo.gov/fdsys/pkg/FR-2018-08-14/pdf/2018-17365.pdf> *ibid*(pg. 9) and Federal Register Notice 85 FR 4681 Department of Housing and Urban Development, January 27: <https://www.govinfo.gov/content/pkg/FR-2020-01-27/pdf/2020-01204.pdf> (pg. 10).

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As of Quarter 4 2019, \$69.8 million in permanent work, FEMA PA Categories C – G, project costs have been identified and submitted for DR-4344 with a state share of \$8.5 million and a local share of \$8.9 million identified. This is in comparison to \$74.2 million in permanent work FEMA PA project costs, including state share of \$23.9 million and a local share of \$1.9 million identified in August 2018.

In addition, the communities in DR-4353 have identified \$91.9 million in permanent work FEMA PA Category C-G project costs, including a state share of \$16.9 million and a local share of \$6.1 million as of the end of quarter 4 2019. In comparison, the communities in DR-4353 identified \$12.5 million in permanent work FEMA PA project costs, including a state share of \$6.7 million and a local share of \$781,956 in 2018.

Figure 3: Local Share Unmet Needs for FEMA Public Assistance 4344 Only, Quarter 4 2019

Category	Projects	Total Cost	State Share	Local Share
C	37	\$15,233,379	\$2,657,074	\$1,151,271
D	5	\$620,723	\$52,098	\$103,083
E	60	\$22,604,262	\$945,587	\$4,705,478
F	33	\$17,543,862	\$2,938,732	\$1,408,168
G	29	\$13,803,483	\$1,899,140	\$1,507,244
Total	164	\$69,805,708	\$8,492,630	\$8,875,245

Source: Cal OES 2020

Note: FEMA PA figures represent data provided for the 4th quarter of 2019 by Cal OES and include projects in Category C-G that are obligated, in review, and ineligible.

Figure 4: Local Share Unmet Needs for FEMA Public Assistance 4353 Only, Quarter 4 2019

Category	Projects	Total Cost	State Share	Local Share
C	23	\$8,830,935	\$1,626,109	\$581,625
D	16	\$8,879,145	\$1,650,448	\$569,338
E	35	\$2,268,478	\$247,225	\$319,894
F	28	\$71,027,531	\$13,221,621	\$4,535,261
G	15	\$940,574	\$149,504	\$85,640
Total	117	\$91,946,664	\$16,894,907	\$6,091,758

Source: Cal OES 2020

Note: FEMA PA figures represent data provided for the 4th quarter of 2019 by Cal OES and include projects in Category C-G that are obligated, in review, and ineligible.

The total state and local share for DR-4344 and DR-4353 is \$40.4 million in Quarter 4 2019 in comparison to \$10.5 million in August 2018. This represents an additional \$29 million in state and

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local share identified for FEMA PA projects in Categories C through G in comparison to August 2018 figures.

Figure 5: Change in Local Share Unmet Needs for FEMA Public Assistance 4344 and 4353, August 2018 to Q4 2019

Category	August 2018 State & Local Share Unmet Need	Quarter 4 State & Local Share - Unmet Need	Change in State & Local Share Unmet Need
A	\$24,124,079	N/A	N/A
B	\$0	N/A	N/A
C	\$2,237,204	\$6,016,079	\$3,778,875
D	\$412,182	\$2,374,967	\$1,962,785
E	\$3,948,135	\$6,218,185	\$2,270,050
F	\$2,283,540	\$22,103,783	\$19,820,243
G	\$1,668,187	\$3,641,528	\$1,973,341
Total C-G	\$10,549,248	\$40,354,540	\$29,805,292
Total	\$34,673,327	\$40,354,540	\$5,681,213

Source: FEMA, August 2018 and Cal OES, 2020

2. Mitigation and Resilience

In February 2020, a total of 285 HMGP project applications were submitted to Cal OES, 212 of which are from DR-4344 and 73 from DR-4353. For these applications the statewide total federal dollar amount was \$540,244,970 and the unmet local match amount was \$180,081,670. Within most impacted areas there were 60 applications statewide, 41 within DR-4344 and 19 in DR-4353. DR-4344 applications total \$55,795,213 in federal funds and \$18,598,406 in unmet local matching funds. In DR-4353, most impacted areas federal funds total \$29,598,656 and local match amounts to \$9,866,220. Figures represent funds for projects that are approved, under FEMA review, on the waiting list, not submitted, withdrawn, and denied.

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Figure 6: DR-4344 And Dr-4353 HMGP Projects State Wide February 2020

Disaster	Geography	Total Project Count	Total Project Cost	Federal Share	Non-federal share Match
4353	MID	19	\$45,790,465	\$29,598,656	\$9,866,220
4353	Statewide	73	\$133,988,190	\$101,768,935	\$33,922,982
4344	MID	41	\$76,072,803	\$55,795,213	\$18,598,406
4344	Statewide	212	\$759,216,982	\$438,476,035	\$146,158,688
Total	MID	60	\$121,863,268	\$85,393,869	\$28,464,626
4353 & 4344	Statewide	285	\$893,205,172	\$540,244,970	\$180,081,670

Source: Cal OES, February 2020

Note: FEMA HMGP figures represent data provided in February 2020 by Cal OES and include projects that are approved, in FEMA review, on waiting list, not submitted, withdrawn, and denied.

3. Local Infrastructure Needs Data and Methodology

In addition to the FEMA PA and HMGP infrastructure needs, HCD requested updated data from local jurisdictions to capture additional unmet infrastructure needs. Impacted jurisdictions provided projects, budget figures, and information on existing funding sources. The data provided by local jurisdictions was reviewed by HCD to avoid duplication with projects covered in the FEMA PA and HMGP datasets and is accurate to the best of HCD's knowledge.

Local jurisdictions identified \$53.5 million in road repair, public facilities, including parks, and water and sewer infrastructure project costs with an unmet need of \$52.5 million. According to the data provided by local jurisdictions, as of the time of this APA 1, approximately 62 percent of identified projects would serve LMI communities.

4. Unmet Recovery Needs Summary

The following figure provides a summary of disaster impacts from DR-4344 and DR-4353 approved in the initial, HUD-approved Action Plan.

Figure 7: Action Plan Unmet Needs Summary

Category	Data Source	Total Impact	Resources Available	Unmet Need (Total Impact less Applied Resources)	Percent of Total
Housing	Action Plan Methodology	\$2,283,300,000	\$582,290,191	\$1,701,009,809	67%
Infrastructure	FEMA PA	\$592,197,307	\$557,523,980	\$34,673,327	1%
Infrastructure	FEMA HMGP	\$1,118,748,393	\$648,572,968	\$470,175,423	18%
Economic	SBA – Commercial Loss	\$123,619,322	\$33,084,100	\$90,535,222	4%
Agriculture	Local	\$259,438,082	N/A	\$259,438,082	10%
Total		\$4,377,303,104	\$1,821,471,239	\$2,555,831,863	

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The following figure provides an updated summary of disaster impacts from DR-4344 and DR-4353 totaling \$2.2 billion in overall unmet recovery needs. Unmet needs figures were only updated for infrastructure to inform the program design associated with the \$38 million infrastructure funding. The majority of the unmet recovery needs continue to be for unmet housing recovery needs, which are being addressed through the Owner-Occupied Rehabilitation and Reconstruction program and Multifamily Housing program, as established in the initial, HUD-approved Action Plan and slightly modified in APA 1.

Figure 8: Action Plan Amendment 1 Unmet Needs Summary

Category	Data Source	Total Impact	Resources Available	Unmet Need (Total Impact less Applied Resources)	Percent of Total
Housing	Action Plan Methodology	\$2,283,300,000	\$582,290,191	\$1,701,009,809	77%
Infrastructure	FEMA PA	\$161,752,372	\$121,397,831	\$40,354,540	2%
Infrastructure	FEMA HMGP	\$189,794,923	\$136,558,160	\$53,236,763	2%
Infrastructure	Local Jurisdiction Data	\$53,536,728	\$1,056,878	\$52,479,850	2%
Economic	SBA – Commercial Loss	\$123,619,322	\$33,084,100	\$90,535,222	4%
Agriculture	Local	\$259,438,082	N/A	\$259,438,082	12%
Total		\$3,071,441,427	\$874,387,160	\$2,197,054,266	

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III. Proposed Use of Funds

Figure 9: State of California Total CDBG-DR Allocations

Program	Initial Action Plan Program Allocation	Percentage of Total	Action Plan Amendment 1 Allocation	Percentage of Total	Change
Total CDBG-DR Funds	\$124,155,000	100%	\$162,212,527	100%	\$38,057,527
Administration	\$6,207,750	5%	\$8,110,625	5%	\$1,902,875
Program Allocations	\$117,947,250	95%	\$154,101,902	95%	\$36,154,652
Housing Programs	\$114,415,447	92%	\$117,947,250	73%	\$3,531,803
Owner Occupied	\$47,627,648	38%	\$47,627,648	29%	\$0
Multifamily	\$66,787,799	54%	\$70,319,602	43%	\$3,531,803
Infrastructure	\$3,531,803	3%	\$36,154,651	22%	\$32,622,848
PA Match	\$3,531,803	3%	\$0	0%	(\$3,531,803)
Infrastructure Program	-	-	\$36,154,651	22%	\$36,154,651
Mitigation	N/A*	-	N/A*	-	-
Economic Revitalization	-	-	-	-	-
Agriculture	-	-	-	-	-
Total CDBG-DR Funds	\$124,155,000	100%	\$162,212,527	100%	\$38,057,527

1. Current Program Updates

Multifamily Housing Program

Eligible Activity: Clearance, demolition, removal, reconstruction, newconstruction, and rehabilitation of buildings and improvements (42 U.S.C. 5305(a)(4)).

National Objective: LMI Housing

Previous Program Budget: \$ 66,787,799

Budget Change: \$ 3,531,803

Revised Program Budget: \$ 70,319,602

Program change summary:

The Multifamily Housing Program (MHP) is administered and monitored by HCD, with CDBG-DR funds sub-granted to local governments in impacted areas. HCD has completed draft program guidelines (referred to, herein, as program policies and procedures). HCD has conducted outreach to impacted jurisdictions to provide input on the MHP's design. The MHP plans to launch in the spring of 2020. The proposed updates to the MHP are listed below.

These are meant to ensure it helps address local needs and incorporates best practices to support effective and efficient delivery of LMI units:

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- HCD has provided additional direction to how local governments, through the affirmative marketing plans provided by developers, will prioritize fire-impacted households for occupancy of units.
- To streamline project delivery and compliance monitoring, HCD is proposing to establish program affordable rents at the annual High HOME rents for each applicable area. Further details on the High HOME rents are available in the policies and procedures.
- HCD is clarifying that the CDBG-DR per unit limit is tied to the effective HOME per-unit subsidy limits. The program will adopt the HOME per unit funding limit as published by HCD on an annual basis. The table below shows the CDBG-DR per unit limit in relation to the HOME limits:

Figure 10: Per Unit CDBG-DR Funding Limit

Bedrooms	HOME Funding Limit/Unit - National	HOME Funding Limit/Unit – California (Effective May 2019)	CDBG-DR Per Unit Limit
0	\$61,280	\$149,868	\$149,868
1	\$70,250	\$171,802	\$171,802
2	\$85,424	\$208,913	\$208,913
3	\$110,512	\$270,266	\$270,266
4 or more	\$121,307	\$296,666	\$296,666

- HCD will include a project award cap of 40% of total development costs. By including a project award cap, funded projects are likely to have a diverse and leveraged capital stack, which lowers the risk for CDBG-DR funds invested in the project. The policies and procedures will identify a process by which a request to exceed the cap will be considered by HCD.
- In order to ensure that projects are underway in a timeline that will meet the grant timeline, HCD is proposing a reallocation timeline of December 31, 2021, for unawarded funds.
- HCD is clarifying the roles and responsibilities of subrecipients and multifamily housing developers under the program to ensure accountability. Specifically, subrecipients are responsible for program implementation, project selection, oversight, and monitoring of all awarded projects during the affordability period, and developers are responsible for project implementation, construction, property management, and compliance of individual projects.
- HCD will utilize a Standard Agreement that will allow subrecipients to access a portion of their allocation to support local program and project implementation. HCD will work with subrecipients to ensure CDBG-DR funds flow into projects in a manner that meets project and developer needs, and also mitigates HCD's investment risk.
- HCD is proposing to modify the use of project prioritization in the Action Plan to allow for added flexibility. Projects must meet one of the prioritization criteria in order to be considered eligible. HCD is also proposing expanding the prioritization criteria to include

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prioritization of units available for eligible seniors, individuals with disabilities, and low-income immigrants. Subrecipients are responsible for project selection and additional prioritization criteria, so long as it is not in conflict with the criteria provided by the program. HCD will review submitted projects for eligibility and compliance with program rules.

Budget change summary:

The MHP is key to meeting the unmet housing recovery needs of LMI communities. The program exclusively funds the development of LMI units. To ensure the program is positioned to meet the unmet housing needs, HCD is proposing to use the additional \$3.5 million funding for MHP activity delivery costs. The additional resources will support eligible activity delivery costs incurred by HCD and, as available, the costs of subrecipients that are not covered by the current allocation.

Allocation Methodology Changes:

- Due to jurisdictional boundaries, the City of Santa Barbara has requested that up to 100% of the allocation may be spent outside the MID. HCD supports this request.
- Due to the location of the MID area, Lake County has requested that the entire allocation be deferred to the City of Clearlake. HCD supports this request.

Figure 11: Multifamily Housing Recovery Allocation by Impacted Jurisdiction (Updated)

Allocation Summary	Total Allocation	Allocation to MID	Percent to MID	Allocation Outside of MID	Percent Outside of MID
Sonoma County	\$4,698,809	\$4,698,809	100%	\$0	0%
City of Santa Rosa	\$38,469,772	\$38,469,772	100%	\$0	0%
Ventura County	\$2,756,047	\$2,756,047	100%	\$0	0%
City of Ventura	\$4,601,064	\$4,601,064	100%	\$0	0%
Mendocino County	\$6,591,778	\$6,235,730	95%	\$356,048	5%
Yuba County	\$1,666,091	\$1,622,677	97%	\$43,413	3%
Napa County	\$420,094	\$0	0%	\$420,094	100%
City of Napa	\$2,889,774	\$2,851,517	99%	\$38,257	1%
City of Clearlake	\$1,157,983	\$1,157,983	100%	\$0	0%
Santa Barbara County	\$588,504	\$57,028	10%	\$531,476	90%
City of Santa Barbara	\$848,011	\$0	0%	\$848,011	100%
Butte County	\$679,013	\$0	0%	\$679,013	100%
Los Angeles County	\$590,987	\$0	0%	\$590,987	100%
Nevada County	\$424,028	\$0	0%	\$424,028	100%
San Diego County	\$405,845	\$0	0%	\$405,845	100%
Total	\$66,787,799	\$62,450,627	93.51%	\$4,337,172	6.49%

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FEMA Public Assistance Match Program

Previous Program Budget: \$3,531,803

Budget Change: (\$3,531,803)

Revised Program Budget: \$0.00

HCD's original Action Plan proposed using CDBG-DR funds as a match for approved FEMA Public Assistance (PA Match) projects in FEMA Category D (water control facilities) and Category F (utilities).

Prior to HUD allocating the additional \$38 million for unmet infrastructure needs, HCD collected project-specific information from the then-anticipated subrecipient local jurisdictions of PA Match program funding through submission to HCD of a notice of interest (NOI). This NOI process confirmed that unmet infrastructure needs, including, but not limited to, PA Match, remain in impacted communities.

Program and budget change summary:

The FEMA PA Match Program will be removed in its entirety. In its place, HCD proposes creating a new, comprehensive, infrastructure program. This program will fund eligible PA Match activities from FEMA Categories C through G, HMGP match, as well as standalone infrastructure projects. Further details regarding this program are outlined below.

2. New Programs

Infrastructure Program

Eligible Activity: Clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements (42 U.S.C. 5305(a)(2)(9))

National Objective: LMI and Urgent need

Program Budget: \$36,154,651

On January 27, 2020, HUD allocated an additional \$38,057,527 of CDBG-DR funding to support the State of California's unmet infrastructure recovery needs related to the FEMA Major Disaster Declarations DR-4344 in October 2017 and DR-4353 in December 2017. Through APA 1, HCD is proposing to allocate \$36,154,651 of the supplemental allocation to address infrastructure unmet recovery needs by creating a new Infrastructure Program that includes multiple activities to further address unmet infrastructure needs.

HCD will make Infrastructure Program funding available to impacted jurisdictions based on eligible jurisdictions having an opportunity to submit eligible Infrastructure Program projects through a Notice of Interest (NOI) and application process. The NOI and application process requires the jurisdictions to prioritize the requests, in the event that not all projects are eligible or can be

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funded. The NOI and application process, as well as the prioritization criteria will be fully defined in the Infrastructure Program policies and procedures.

Infrastructure Program Activities

HCD will provide impacted local governments funds to ensure that as many critical infrastructure recovery needs are addressed as possible, through multiple activities. Infrastructure Program activities will be used to fund:

- The non-federal share match on approved FEMA Public Assistance (PA) projects;
- The non-federal share match on approved FEMA Hazard Mitigation Grant Program (HMGP) projects; and
- Non-match, “stand-alone” infrastructure projects that address identified unmet 2017 disaster recovery needs and increase the resilience of cities and counties that are not funded by other federal recovery programs.

PA Match

The Infrastructure Program proposes to fund the local portion of the non-federal share match for FEMA Category C (roads and bridges), Category D (water control facilities), Category E (public buildings and contents), and Category F (utilities), and Category G (parks, recreational, and other activities). Program policies and procedures will be established that outline the requirements of the program and rules for specific projects, including general eligibility, specific eligible and ineligible costs, and the criteria for evaluating project proposals. HCD understands that FEMA PA match amounts are ever-changing and will continue to assess the funds allocated to this program DR-4353 and DR-4344 include wildfires, mudflows, debris flows, and limited flooding. The fire burn scars led to the mudslides and flooding. HCD proposes using CDBG-DR funds as a match for approved FEMA PA projects (Categories C through G only). As part of the original FEMA PA Match program, HCD completed an NOI for FEMA PA projects in January of 2020. The jurisdictions that submitted NOIs will have the opportunity to utilize the new Infrastructure Program as a mechanism to fund their FEMA PA Match needs for eligible projects.

HCD will review proposals for the use of funds with local governments and provide technical assistance and oversight to ensure that local governments receiving funds execute their infrastructure recovery effectively. All funded projects will be approved by HCD before funds are sub-granted.

FEMA HMGP

HCD will fund the local portion of the non-federal share match for all infrastructure projects if identified by the local government. To be eligible for CDBG-DR funding, all projects must have a tie-back to the DR-4353 and DR-4344 disaster events. Program policies and procedures will be established that outline the requirements of the program and rules for specific projects, including

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general eligibility, specific eligible and ineligible costs, and the criteria for evaluating project proposals.

Because HMGP projects aren't required to tie-back to the specific disaster, HCD will define a clear process in its policies and procedures to demonstrate a tie-back to DR-4353 and DR-4344. Additionally, HMGP funds have a wide range of eligible uses, so HCD will review all HMGP projects to ensure eligibility as a CDBG-DR funded infrastructure project. HMGP project qualifications will be included in the policies and procedures.

Non-Match Infrastructure Projects

HCD will fund non-match, stand-alone CDBG-DR eligible infrastructure projects that can be funded with up to 100 percent CDBG-DR funding. These non-match, stand-alone projects are critical to address identified unmet disaster recovery needs and increase the resilience of cities and counties that are not funded by other federal recovery programs. Projects can include FEMA PA or HMGP projects that were determined ineligible by FEMA, but all projects will be subject to review for a tie-back to the disasters, supporting or expanding community resiliency, are consistent with CDBG-DR requirements, and HCD's policies and procedures.

Unlike the FEMA match projects, these stand-alone infrastructure projects will require a completed environmental review by the subrecipients.

All Projects

HCD will review all project applications to determine eligibility and provide technical assistance and oversight to ensure that local governments receiving funds execute their CDBG-DR infrastructure recovery projects effectively. All funded projects will be approved by HCD before funds are provided to subrecipients.

HCD will leverage internal resources, bring on staff to increase capacity and expertise, and has procured a consultant to provide high-level technical assistance to eligible jurisdictions, to ensure proper oversight of the program and compliance of individual projects. Eligible cities and counties may work in coordination with other local entities with projects that may qualify under the Infrastructure Program, such as school or water districts. Local jurisdictions will be responsible for implementation and oversight of approved projects, with regular monitoring by HCD.

Projects must be compliant with applicable CDBG regulations, waivers, and alternative requirements identified in Federal Register Notices 83 FR 40314 (publication date: August 14, 2018) and 85 FR 4681 (publication date: January 27, 2020) and must have a tie-back to the DR-4353 and DR-4344 disaster events. Local jurisdictions may either follow the state's plan to minimize displacement or develop their own with the state's and public's approval. Projects selected should be designed to improve and support infrastructure recovery, serving those with the greatest need.

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The initial Action Plan stated that HCD would not propose the construction or rehabilitation of stormwater management systems in impacted areas. APA 1 will allow stormwater management system projects and will be reviewed by HCD like all other projects.

Eligible Activities

Infrastructure repair is an eligible activity according to 42 USC 5305(a)(2), which authorizes the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except for buildings for the general conduct of government), and site or other improvements. In addition, CDBG-DR funds may be used as the non-federal cost share match for FEMA-funded PA and HMGP infrastructure projects.

National Objective

Infrastructure funded projects must meet a CDBG national objective and applicable CDBG-DR requirements. Infrastructure funding requires a case-by-case analysis of each project for meeting these requirements.

HCD funds infrastructure projects must either benefit a low- and -moderate income area (LMA) or qualify for the urgent need national objective. It is the responsibility of the local government to substantiate LMA or urgent need as the project's national objective. As stated in the unmet needs assessment, the vast majority of counties designated within DR-4344 and DR-4353 do not meet the threshold of 51 percent of residents qualifying as LMI persons, but depending on the service area of project, it is possible that a project in a non-LMI area may benefit an LMA. All projects submitted as meeting the LMA national objective will be evaluated by HCD based on the project's service area to determine if there is a benefit to an LMA. If the subrecipient determines a project does not qualify as LMI, and submits a project as meeting the urgent need national objective, the project will be evaluated by HCD to determine if it meets the urgent need national objective.

Prioritization & Criteria for Selection

HCD will make Infrastructure Program funding available to impacted jurisdictions based on an application process for impacted municipalities to request funding for unmet infrastructure needs. The application process will also require the jurisdictions to prioritize the requests in the event that not all projects are eligible or can be funded.

Prioritization criteria will be fully defined in the policies and procedures. Due to requirement that 80 percent of funds must serve MID areas and 70 percent must benefit LMI areas in high damage areas, HCD will prioritize the projects located within MID and qualify as LMI as the highest priority, LMI projects that do not serve the MID will be given second priority, projects located in the MID that do not serve LMI areas will be given third priority, and non-LMI and non-MID projects will be given fourth priority.

HCD will provide technical assistance and coordinate closely with local governments during the application phase. Once proposals have been reviewed, HCD will provide funds to subrecipients

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for the delivery of infrastructure projects in accordance with a Standard Agreement with the local government.

Eligible Applicants

The eligible applicants for Infrastructure Program funds are city and county governments that received infrastructure damages from the DR-4344 and DR-4353 disaster events. See Figure 5 for the list of eligible city or county governments that are eligible to apply for Infrastructure funds.

Figure 12: Jurisdictions Eligible for Infrastructure Funds

Eligible Applicants
City of Clearlake
City of Napa
City of Santa Barbara
City of Santa Rosa
City of Ventura
Butte County
Lake County
Los Angeles County
Orange County
Mendocino County
Napa County
Nevada County
San Diego County
Santa Barbara County
Sonoma County
Ventura County
Yuba County

Eligible and Ineligible Costs

HCD commits to funding activities eligible under Title I of the Housing and Community Development Act of 1974 or those activities specified by waiver in 83 FR 5851. CDBG-DR funds may fund the following activities:

- Required FEMA PA local non-federal share (match) funding for approved projects under the following FEMA PA permanent work categories:
 - Category C (Road and bridges);
 - Category D (Water control facilities);
 - Category E (Public buildings and contents);

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- Category F (Public utilities); and
- Category G (Parks, recreational, and other facilities).
- Required FEMA HMGP local non-federal share (match) for approved projects that meet the CDBG-DR requirements, including a tie-back to the DR-4344 and DR-4353 disaster events.
- Non-match, stand-alone infrastructure projects that are eligible for and funded with up to 100% CDBG-DR funding, have a tie-back to the DR-4344 and DR-4353 disaster events, and address identified unmet disaster recovery needs.

Ineligible costs include:

- Required FEMA PA Match funding for approved projects under Categories A (Debris Removal) and Category B (Emergency Protective Measures).
- Increase in scope or modification to FEMA PA projects.
- FEMA HMGP projects not related to infrastructure and/or without a tieback to the 2017 disaster events.
- Non-match, stand-alone projects not related to infrastructure, increased code compliance, or DR-4344 and DR-4353 disaster events.

Timeline

Pending HUD approval of APA 1 and the Implementation and Capacity document in the second quarter of 2020, the application period will open in quarter three 2020. Applications will be accepted from eligible jurisdictions and technical assistance will be provided by HCD until sufficient proposals are received and approved to expend the entire allocation of Infrastructure funds. Individual project completion timeframes will be determined on a case-by-case basis with the subrecipient, in accordance with their agreement.

Unmet Needs

Funding PA Match, HMGP Match, and other non-match, stand-alone infrastructure projects are consistent with the requirement to address unmet infrastructure needs for DR-4344 and DR-4353 disaster events. The updated unmet recovery needs assessment identified \$40,354,540 in unmet recovery needs to address the required match for PA categories C to G, \$53,236,763 to address unmet needs related to HMGP match for infrastructure programs, and \$51,732,850 for other non-match, stand-alone infrastructure unmet needs. All of the CDBG-DR funds received, \$36,154,651 will be used for infrastructure and administrative cost to implement the grant.

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Program Budget

Category	Identified Unmet Infrastructure Need	Allocation
Infrastructure Recovery	\$145,324,153	\$36,154,651

Geographic Eligibility

Projects must be located within DR-4344 and DR-4353 areas declared for FEMA Public Assistance, even if the proposed project is not covered by PA funds. Projects located in the MID zip codes are also eligible, but all projects must tie-back to the DR-4344 and DR-4353 disaster events.

IV. Public Comments

In keeping with the State's Citizen Participation Plan, as articulated in Section V of the initial, HUD-approved Action Plan, HCD published this proposed Action Plan Amendment, Number 1, on the CDBG-DR Action Plan webpage (<https://www.hcd.ca.gov/community-development/disaster-recovery-programs/cdbg-dr/cdbg-dr-2017/index.shtml>) in English and Spanish.

APA 1 will be available for public review and comment for thirty (30) days from March 30 through 5:00 p.m. Pacific Daylight Time on April 30, 2020.

Comments can be submitted by the following methods:

- Electronic mail to (DisasterRecovery@hcd.ca.gov); or
- Post mail to Disaster Recovery Section, Attn: Stacy Rodgers, HCD, 2020 West El Camino Avenue, Suite 200, Sacramento, CA 95833

If submitting comments via regular post mail, please factor delivery time into your mailing date. As above, all comments must be in writing and received by HCD by 5:00 p.m. Pacific Daylight Time on April 30, 2020.

Residents who require a reasonable accommodation or other assistance to fully participate in the public comment process can request assistance by contacting the HCD Disaster Recovery Section via the same methods, listed above, for submission of public comments.

HCD will consider all public comments received, timely and in writing, via e-mail, or delivered in person at official public hearings regarding this Action Plan Amendment, Number 1. HCD will make public comments available to citizens, public agencies, and other interested parties upon request.

A summary of all comments received, timely, will be included in the final Substantial Action Plan Amendment, Number 1, submitted to HUD for approval. Following HUD approval, all comments

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received, timely, during the public comment period will be noted and summarized in the final, comprehensive Action Plan, as amended.